Ogden Air Logistics Center

U.S. AIR FORCE

Source Development Program

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Horror Stories

Coffee Pot

Toilet Seat

Bolt

“. . . JUST SOLVE THE DAMN PROBLEM !”

Stool Cap

Allen Wrench

Claw Hammer

Congress Acts

"The Congress finds that recent disclosures of excessive payments by the Department of Defense for replenishment parts have undermined confidence by the public and Congress in the defense procurement system."

PL 98-525 "Congressional Findings and Policy"

Point

Congress saw a "stubborn resistance to competition . . . in the agencies."

House Report #1157, 98th Congress, 2nd Session, 1984

- **38% of the horror stories were sole-source buys**
- **Congress reinvented the wheel!!!**

Key Laws

- **PL 98-369 “Competition in Contracting Act” (CICA)**
- **PL 98-525 “Defense Procurement Reform Act**
- **PL 98-577 “Small Business and Federal Procurement Competition Enhancement Act”**

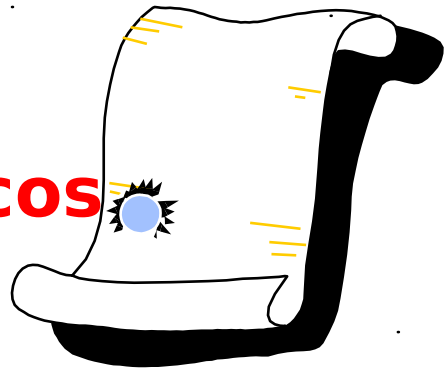
(reconciles the competition and small business laws)

CICA

- Mandates competition (seven exceptions)
- Justification and Approvals (J&A)
- Competition Advocate (CR)
- Market research
- Vendor Capability File
- Contractor protest

PL 98-525

- Source Qualification Statements (SQS)
- Periodically publish SQS
- Replenishment Parts Purchase or Borrow Program (RPPOB)
- Pay small business testing cos



Intent

"Competition is not a procurement procedure, but an object which a procedure is designed to attain."

Senate Report #98-50, 98th Congress, 2nd Session, 1984

"If F&OC is not possible on the instant buy, every feasible action to remove the impediments to F&OC on future buys should be initiated immediately."

Lt Gen Marc Reynolds, Vice Commander, USAF (letter to the ALCs, dated 23 Mar 85)

Summary

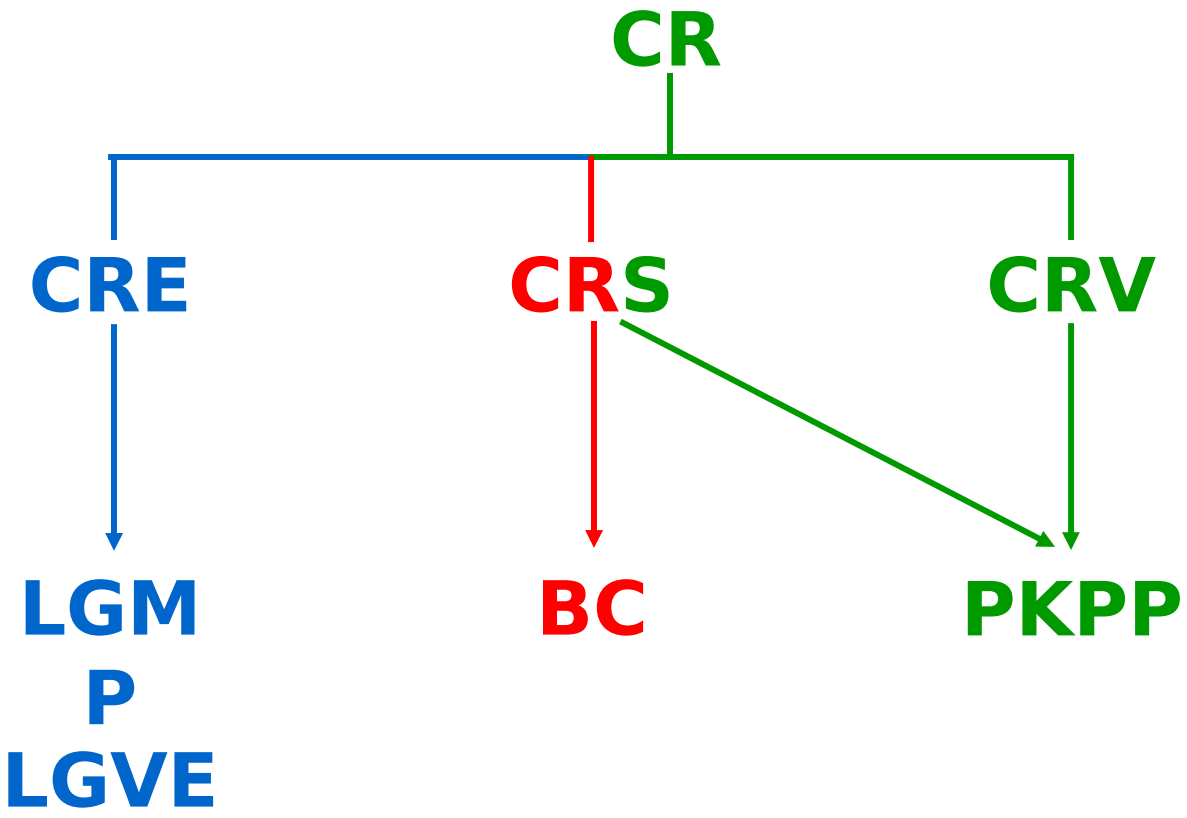
This legislation was enacted "…to force us to identify, face, and change, wherever feasible, the circumstances that preclude competition."

Lt Gen Marc Reynolds, Vice Commander, USAF
(letter to the ALCs, dated 13 Dec 84)

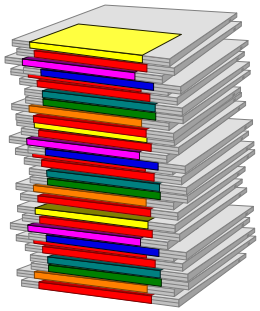
Source Development

- **Both a position and a process**
- **Designed to be a proactive, advocacy program**
- **1984 – Established as a CR division**
  (CRS: Heart of the new laws)
- **1992 – Transferred to BC**
  (counsel large, small, and foreign firms)
- **Symbiotic relationship with:**
  (spares breakout program and SQS process)

Competition Advocate

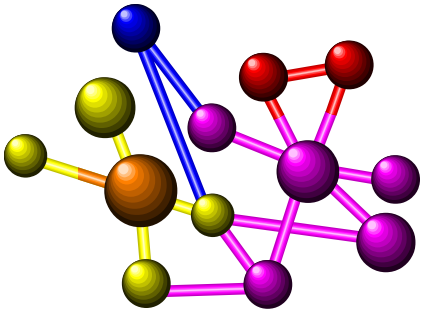


Spares Breakout Program



Data

Criticality



Complexity

Acquisition Method and Suffix Codes

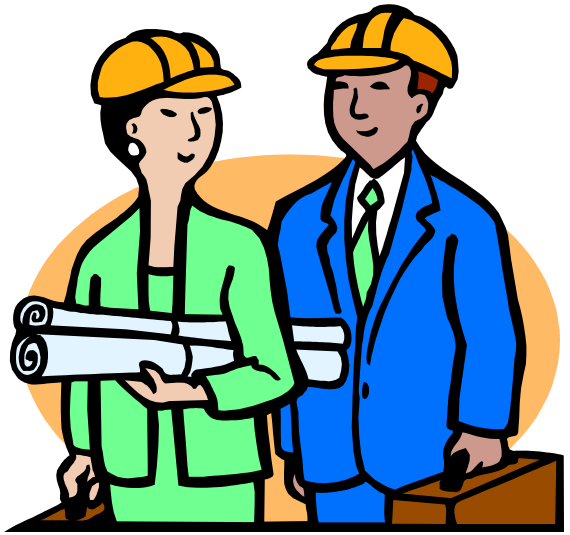
AMC / AMSC

(1-5) (A-Z)

AMSC drives Source Development

AMSC "G"

- **Data available + Non-complex + Non-critical**
- **Full and open competition**
- **No prequalification**
- **No SQS**
- **No Approved Source List**



Source Development doesn't play

Other AMSC

- No data + Complex + Critical
- Other than full and open competition
- Yes prequalification
- Yes SQS
- Yes Approved Source List

Source Development does plays

SQS

- **AMSC dictates when produced:**
  - **“G” codes: Not applicable**
  - **“B” and “C” codes: At time of screening**
  - **Other codes: Upon demand**
- **Engineer prepares + PKPP (CR) coordin**
- **Generic + Boilerplate + Flexible**
  - **Not directed at a specific source**
  - **Follows a set format**
  - **Waiver clause allows tailoring**

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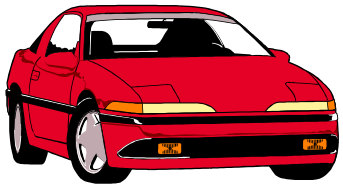
Prequalification Methods

Same

Similar

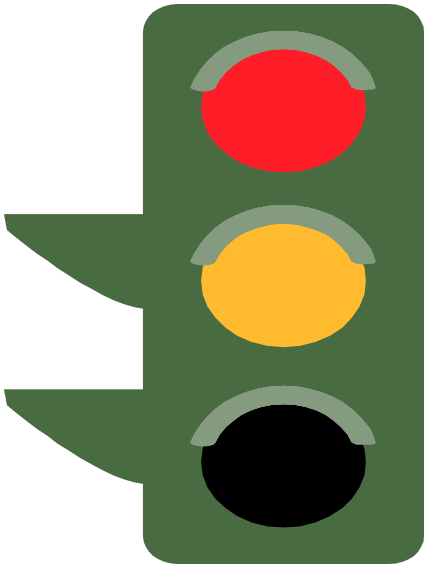


New

Reverse engineer, make and test (RPPOB)

F/A is not Prequalification

- F/A
  - After contract award
  - 3 year time limit
- Prequalification
  - Before contract award
  - No time limit



Source Development

- **Promotes prequalification**
- **Requests SQS as necessary**
- **Processes source approval requests**
  (active solicitation-buyer processes)
- **Coordinates on source removal requests**
- **Manages the RPPOB program**
- **Participates in market research**

SAR Alligators

- No firm can be denied the opportunity
- Evaluation must be prompt
- Reasons for denial must be specific
- Requirements must be the minimum that meets th

Source Removal

- Manufacturing **defects** are **not corrected**
- **Facility** location or ownership is **changed**
- Manufacturer **no longer produces**
- **Design change** adds requirements
- Source is **debarred**

FAR 9.207

Removal Alligators

- Recognize due process
  - Open contract?
  - MDRs or QDRs issued?
  - Opportunity to resolve problem
- Defacto debarment
- Prompt notification is required

RPPOB

- Sell or loan parts to domestic businesses for reverse engineering to enhance competition
- "Best interest of the government" criteria includes
  - Lack data
  - Cost effective
  - Adequate inventory
- Loan high dollar spares + Sell low dollar spares

Repair

- **Late 1980's, regulations expanded to include repair**
- **2003 - Screening process drafted by Hill IPT (mirrors Spares Breakout Program)**
- **2004 - Command wide process sought by AFMC (based on Hill's draft)**

Driving Regulations

- FAR Part 6 “Competition Requirements”
- FAR Part 9 “Contractor Qualification”
- AFI 64-201 “Small Business Programs” (Draft)
- AFI 63-301 “Air Force Competition and Commercial Advocacy”
- AFMC “SAR-Qualification of Potential Sources Guide”
- DODD 4140-57 “Replenishment Parts Purchase or Borrow Program”
- AFMAN 23-110, Vol. III, Part One, Ch. 9G “Loan/Lease of Non-Excess Personal Property” (Draft)
- AFI 23-105 “Spares Breakout Program”

We Are Here To Help

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Source Development

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Small Business / Source Development

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